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E.O. 12958, Sec. 3.4

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PA/HO, Department of State
E.O. 12958, as amended
June 9, 2005

AID (WS) 15-8 PAK

7. NND 969012
By STVSW Date 5/5/98



Department of State

TELEGRAM

REPRODUCED AT THE NATIONAL ARCHIVES

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ACTION NEA-06

INFO OCT-01 SS-14 AGR-03 AID-10 TRSE-00 NSC-10 NSCE-00
EB-03 INR-09 CIAE-00 NSAE-00 L-02 IGA-01 COM-02
COME-00 OMB-01 SSO-00 CCO-00 INRE-00 RSR-01 RSC-01

1064 W

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O R 231053Z OCT 72
FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC IMMEDIATE 6503
INFO AMCONSUL KARACHI
AMCONSUL LAHORE

~~CONFIDENTIAL~~ SECTION 1 OF 2 ISLAMABAD 8648

LIMDIS

DEPT. PASS TO AGRICULTURE, AID, TREASURY AND WHITE HOUSE

SUB: PRES. BHUTTO PLEADS AGAIN FOR 400,000 TONS OF
PL-480 WHEAT

1. SUMMARY: PRES. BHUTTO HAS PLEADED FOR POSITIVE
RESPONSE TO PENDING GOP REQUEST FOR 400,000 TONS OF
WHEAT UNDER TITLE I. HE CITES VARIETY OF POLITICAL STEPS
HE IS TAKING TO HELP GET PAKISTAN ON ITS FEET. HE CON-
SIDERS THE ADDITIONAL WHEAT FROM US AS ESSENTIAL TO
MEET COUNTRY'S REQUIREMENTS IN COMING MONTHS AND TO
SUPPORT HIS OTHER EFFORTS TO ASSURE STABILITY. HE IS
AWARE OF EXCEPTIONAL SUPPLY AND BUDGETARY SQUEEZE ON
PL 480 WHEAT IN US, BUT APPEALS FOR MOST SYMPATHETIC
CONSIDERATION. ACTION REQUESTED: THAT WE DO OUR VERY BEST
TO MEET PAK REQUEST FOR 400,000 TONS,
AND THAT POSITIVE DECISION BE CONVEYED SOONEST. END SUMMARY.

2. PRES. BHUTTO CALLED ME LATE SUNDAY NIGHT OCT 22 TO
EXPRESS, ONCE AGAIN, HIS SENSE OF URGENCY IN GETTING
FAVORABLE REPLY ON PENDING GOP REQUEST FOR ADDITIONAL

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400,000 TONS OF WHEAT UNDER TITLE I OF PL 480. FOLLOWING IS SUMMARY OF POINTS HE MADE (DETAILS ON SOME ISSUES WILL BE REPORTED SEPTELS):

A. CONSTITUTIONAL AGREEMENT HAMMERED OUT UNANIMOUSLY IN PAST WEEK AMONG LEADERS OF ALL PARLIAMENTARY PARTIES (UNDER BHUTTO'S LEADERSHIP) IS GREAT STEP FORWARD. BY AND LARGE, IT MEANS PAKISTAN'S MOST CRITICAL AND IMMEDIATE DOMESTIC POLITICAL PROBLEM HAS BEEN SETTLED. PROBLEM OF NORTHWEST FRONTIER AND BALUCHISTAN PROVINCES (WHICH ARE GOVERNED BY PARTIES INSISTING ON SUBSTANTIAL AUTONOMY) HAS BEEN SOLVED, ASSURING INTEGRITY OF COUNTRY. NOW COUNTRY CAN GET ON WITH OTHER BASIC ISSUES THAT NEED TO BE TACKLED. (I TOLD BHUTTO I FULLY SHARED HIS VIEW THAT AGREEMENT ON CONSTITUTIONAL PRINCIPLES IS TREMENDOUS STEP FORWARD, AND CONGRATULATED HIM ON HIS STATESMANSHIP AND POLITICAL ACUITY IN WORKING IT OUT.)

B. HE IS GOING AHEAD WITH OTHER POLITICAL MEASURES TO HELP GET COUNTRY ON ITS FEET. HE NOTED SPECIFICALLY "STRONG STEPS" TAKEN IN KARACHI (WHERE GOVT HAS MOVED VIGOROUSLY IN RECENT DAYS TO END ILLEGAL STRIKE THAT SHUT DOWN MOST OF LANDHI INDUSTRIAL AREA).

C. HE IS ALSO MOVING TO CLEAN OUT HIS OWN (PAKISTAN PEOPLES) PARTY. HE HAD JUST ACCEPTED RESIGNATION FROM CABINET OF MERAJ MOHAMMAD KHAN (FORMERLY CENTRAL MINISTER OF STATE FOR PUBLIC AFFAIRS AND REPUTED COMMUNIST, WHO HAS BEEN CRITICIZING GOVT FOR NOT FOLLOWING SUFFICIENTLY RADICAL POLICY). MERAJ, PRESIDENT ADDED, IS NOW GOING AROUND ACCUSING BHUTTO OF "SELLING OUT TO THE AMERICANS".

D. HE WAS DOING HIS BEST TO RESOLVE HIS PROBLEMS WITH INDIA. HE WAS VERY DISAPPOINTED AT THE LATEST DELAY IN COMPLETING DELINEATION OF THE KASHMIR LINE OF CONTROL, WHICH HAD BEEN EXPECTED THIS WEEKEND. HE HAD JUST WRITTEN TO PRIMIN GANDHI EXPRESSING DISMAY AND A DESIRE TO SEE THE DELINEATION AND FORCE WITHDRAWALS COMPLETED AS SOON AS POSSIBLE.

E. PRES. NIXON HAD PROMISED PAKISTAN ECONOMIC SUPPORT. WE HAD BEEN GENEROUS AND OUR HELP WAS GREATLY APPRECIATED. PAKISTAN NOW BADLY NEEDED EXTRA SUPPORT IN THE WHEAT IT HAD REQUESTED.

F. THE ADDITIONAL WHEAT IS ESSENTIAL TO MEET

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REQUIREMENTS IN THE COMING MONTHS. WITHOUT IT, BHUTTO'S OTHER EFFORTS TO BRING STABILITY TO THE COUNTRY WOULD BE UNDERCUT.

3. BHUTTO REFERRED TO CURRENT VISIT TO ISLAMABAD OF MACDONALD (AID/ASIA) AND SAID HE HOPED MACDONALD HAD BROUGHT SOME GOOD NEWS ON THE WHEAT REQUEST. I SAID MACDONALD AND I HAD DISCUSSED THE ISSUE THE PREVIOUS DAY WITH THE FINANCE MINISTER AND HAD BEEN DISCUSSING IT IN SOME DETAIL ONLY A FEW HOURS EARLIER WITH THE DEPUTY CHAIRMAN OF THE PLANNING COMMISSION. WE HAD NO DOUBT OF PAKISTAN'S NEED FOR THE WHEAT. WASHINGTON WAS AWARE OF THE EXTREMELY HIGH IMPORTANCE THAT BHUTTO ATTACHED TO THIS REQUEST. THERE WAS EVERY SYMPATHY FOR PAKISTAN'S NEED. AS I HAD TOLD HIM BEFORE, I WENT ON, THE PROBLEM LAY RATHER IN THE EXCEPTIONAL SQUEEZE ON OUR OWN WHEAT STOCKS AS RESULT OF UNFORESEEN PURCHASES BY THE SOVIET UNION AND OTHER BUYERS, AND RELATED SERIOUS BUDGETARY CONSTRAINTS. I SAID WE HAD TOLD THE FINANCE MINISTER AND THE PLANNING COMMISSION HEAD THAT THE

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ACTION NEA-06

INFO OCT-01 SS-14 AGR-03 AID-10 TRSE-00 NSC-10 NSCE-00
EB-03 INR-05 CIAE-00 NSAE-00 L-02 IGA-01 COM-02
COME-00 OMB-01 SSO-00 CCO-00 INRE-00 RSR-01 RSC-01
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O R 231053Z OCT 72
FM AMEMBASSY ISLAMARAD
TO SECSTATE WASHDC IMMEDIATE 6504
INFO AMCONSUL KARACHI
AMCONSUL LAHORE

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LIMDIS

FINAL DECISION ON PAKISTAN'S REQUEST HAD NOT YET BEEN MADE BUT THAT IT SEEMED MOST UNLIKELY WE COULD PROVIDE THE FULL 400,000 TONS UNDER PL 480. IT LOOKED AS THOUGH IT WOULD BE NECESSARY FOR PAKISTAN TO GO INTO THE COMMERCIAL MARKET WITH ITS OWN FUNDS TO SUPPLEMENT WHAT WE MIGHT BE ABLE TO SUPPLY UNDER TITLE I. BHUTTO RESPONDED THAT, AS WE KNEW, THE GOP HAD ALREADY HAD TO SPEND A LARGE AMOUNT OF FOREIGN EXCHANGE TO MEET AN UNEXPECTEDLY LARGE DEFICIT IN SUGAR. AS HE HAD PREVIOUSLY TOLD ME, THE GOVT HAD ALSO TAKEN ACTION TO CONSERVE ITS LIMITED EXCHANGE RESERVE IN OTHER WAYS, LIKE DEFERRING PAYMENTS (AND DELIVERY) ON MIRAGE AIRCRAFT PREVIOUSLY ON ORDER FROM FRANCE.

4. BHUTTO THEN ASKED THAT I CONVEY THE URGENCY OF THIS MATTER, AND SAID HE HOPED USG WOULD BE CONSIDERATE OF DIFFICULT PROBLEMS HE IS FACING AND OF EFFORT HE IS MAKING. I REITERATED THAT WE WERE INDEED AWARE OF HIS PROBLEMS AND I WAS SURE WE WOULD DO AS MUCH AS WE COULD AGAINST THE BACKGROUND OF OUR OWN VERY SERIOUS SUPPLY AND BUDGETARY SQUEEZE. I PROMISED TO GET WORD

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BACK TO HIM AS SOON AS POSSIBLE.

5. COMMENT: AS I HAVE REPORTED BEFORE, NO PAK ECONOMIC REQUEST IN RECENT YEARS HAS BEEN COUCHED IN SUCH URGENT TERMS AS CURRENT APPEAL FOR ADDITIONAL 400,000 TONS OF WHEAT. WE BELIEVE PAKISTAN HAS ABSOLUTE REQUIREMENT FOR THIS WHEAT TO MEET DEMAND THROUGH GOVT FAIR-PRICE OUTLETS AND THUS AVOID INCREASE IN PRICE OF THIS BASIC STAPLE. I AGREE WITH BHUTTO THAT PAKISTAN NEEDS ASSURANCE OF ADEQUATE WHEAT SUPPLY TO BACKSTOP THE HIGHLY IMPORTANT POLITICAL EFFORT HE IS MAKING TO PUT COUNTRY ON ITS FEET. FINALLY, A POSITIVE RESPONSE TO PROVIDE 400,000 TONS WILL BE UNDERSTOOD BY BHUTTO AS EXCEPTIONAL EFFORT BY HIGHEST LEVELS OF USG TO HELP PAKISTAN.

6. ACTION REQUESTED: I RECOMMEND THAT WE DO OUR VERY BEST TO MEET PAK REQUEST FOR 400,000 TONS WHEAT UNDER TITLE I. I DISCUSSED WITH MACDONALD, BEFORE HE LEFT ISLAMABAD TODAY, MY LAST NIGHT'S CONVERSATION WITH BHUTTO, AND MACDONALD CONCURS IN ABOVE RECOMMENDATION. MY COUNTRY TEAM CONCURS. I HOPE POSITIVE DECISION CAN BE CONVEYED SOONEST. GDS SOBER

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